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ABSTRACT

The concept of social responsibility as applied to business suggests that the corporation no longer has a responsibility only to the stockholder but must make decisions aimed toward balancing the interests of all clientele groups affected by actions of the corporation. These groups include managers, administrators, employees, and the general public. The relationships among employee characteristics, industrial setting, functional position, perceptions of actual responses to social demands, and employee expectations of responses were investigated by surveying individuals in boundary spanning positions in four industrial settings. From a 48-item questionnaire, 35 items measuring various aspects of Corporate Social Responsibility were retained and separated into two categories which reflected either internal or external organizational issues. Responses to "how true the item is now" were summarized for each classification using principal components analyses with varimax rotations. Effects of Industry and of Function on both internal and external factors were evaluated in two-way analysis of variance designs. Mean differences between perception of current and ideal social policies were examined. Generalizations about a manager's response to social issues were not possible because perceptions differed by industry, function and characteristics of the respondent. Findings suggested that organizations had failed to meet employees' expectations concerning their social responsibilities. (Author)

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Perceptions of Corporate Social Responsibility:

Differences Across Industries and Functions

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Perceptions of Corporate Social Responsibility:

Differences Across Industries and Functions

Cultural values are the basic beliefs of a society, to which the vast majority of individuals in the society adhere. They are the beliefs that hold the society together. One such value, the profit ethic, emerged from the Industrial Revolution, and provided the underpinnings for the concepts of capitalism and free private enterprise (Davis and Blomstrom, 1975; Luthans and Hodgetts, 1976; Petit, 1967). The institutions and doctrines of capitalism typically have included private property, a strong profit motive, the market system, laissez-faire, and individualism. The principal belief underlying this ethic assumes that equitable justice is achieved by behavior based on self-interest. That is, the egoist acting in accordance with his perceived self-interest achieves a utilitarian end more specifically defined as the public good.

A variety of forces have emerged during this century, some more rapidly than others, to change significantly the conditions under which business operates and in some instances they have brought into question the profit ethic (Berle, 1931, 1959; Dodd, 1932; Petit, 1967). These forces include the growing size of organizations, separation of ownership and control of corporations, the changing concept of private property, and the declining effectiveness of the marketplace. Such changes have enhanced the power of corporations, isolated managers from traditional sources of accountability, brought into question the legitimacy of the traditional role of business. Accordingly, this may have led to the need for changing the rules of the game.

One response has been the emergence of the concept of social responsibility (Chiet, 1965; Mason, 1959). This ideology states that the corporation no longer has a responsibility only to the stockholder. Instead, decisions should be made with an aim toward balancing the interests of all clientele groups affected by the actions of the corporation. Only then can the corporation continue to survive as a legitimate and autonomous institution, and coincidentally achieve equitable justice.

Petit (1967) argues that as a result of present circumstances, many feel a moral crisis in management has emerged. Managers act on the basis of their perceptions of social responsibility but continue to believe in the profit ethic. That is, a manager's actions conflict with his beliefs. Gavin and Maynard (1975) also point to this apparent conflict between social responsibility and the profit ethic. They further refer to Dawson's (1970) study which revealed that job performance can be affected adversely by an employee's negative view of business' ethical norms and acceptance of social responsibility.

Gavin and Maynard (1975) surveyed 660 employees in a medium-sized bank and evaluated relationships between employee characteristics, employee perceptions of social responsibility, employee expectancies, and need satisfactions. Generally, the study revealed that the organization had failed to meet employees' expectations concerning its social responsibility. More specifically, the study concluded that older male employees looked on the company's social behavior more favorably while the remaining employees seemed to share a similar unfavorable set of perceptions of the organization's fulfillment of its societal "obligations."

Buehler and Shetty (1976) in a survey of managerial responses to social demands, sent questionnaires to 1,250 firms on Fortune's list of the largest U.S. industrial and non-industrial firms and received 232 usable responses. The study revealed that responses to social demands in terms of structural change, program change, and program implementation were influenced by variables, such as size, industry, profitability, and ownership. Therefore, the authors concluded that their findings suggest one cannot generalize about business' responses to social demands.

This study builds on the above research. The study sample is drawn from several industries based upon potential pollution created as a by-product of the production process. Relationships are examined among employee characteristics, viz., age, sex, tenure, education, functional position, perception of responses to social demands, and employee expectation of responses.

Method

Participants

The participants in this study were individuals working in boundary spanning positions within four industry types in the eastern United States. Five boundary spanning positions were examined. The positions and number of responses were as follows: personnel managers ($N = 103$), purchasing ($N = 24$), finance ($N = 19$), public relations ($N = 19$), and sales/marketing ($N = 14$). These data are summarized in Table 1.

The respondents were predominantly males (82.7 percent), middle aged (Mean = 43.0 years), had obtained a bachelor's degree (mean = 16.2 years of education), and, on the average, had been with their company long enough to

be familiar with practices and policies of concern to the survey (11.7 years mean tenure).

Insert Table 1 about here

Four industrial groupings were selected a priori to represent a range of social concerns. These groupings included the furniture, banking, chemical, and life insurance industries. Within each industry, 100 companies with a minimum gross sales of one-million dollars during the 1976 fiscal year were surveyed. Of the 400 companies contacted, 23% had at least one respondent. The total number of respondents within each industry is presented in Table 1, showing that banking had the greatest number ($N = 66$), followed by insurance ($N = 43$), chemical ($N = 36$), and furniture ($N = 34$).

Instrument Development

The survey instrument was a 48-item questionnaire designed to measure various aspects of Corporate Social Responsibility (CSR). Twelve items were included from an instrument used by Gavin and Maynard (1975) which measured factors concerning Environment and Equal Work Opportunity. The remaining 36 items were constructed specially for this study, and reflect both behavioral and attitudinal components of issues concerning energy conservation, pollution, civic and community involvement, consumerism, recycling, safety, training, education, and minorities.

Responses to questionnaire items were made on a five-point scale ranging from "never true" to "always true" with an additional response option of

"not applicable." Two ratings were made for each item with one asking "how true is the item now"?, and the second asking "how true should it be?" Thus, information was obtained with respect to respondents' perceptions of current organizational practices and the discrepancy between current practices and optimum practices.

A preliminary analysis of the questionnaire responses revealed that 13 items failed to meet a criterion of at least 75% usable responses for two or more industries due to missing or "not applicable" responses. The remaining 35 items were separated into two categories which reflected aspects of CSR that were either internal or external to an organization (Steiner, 1975). This judgmental classification resulted in 17 items each being assigned to the internal and external classifications with one item common to both classifications. Responses to "how true is the item now" were summarized separately for each classification using the Statistical Package for Social Sciences principal components analysis with varimax rotations (Nie, Hull, Jenkins, Steinbrenner, & Bent, 1975).

This analysis resulted in five orthogonal factors for the internal items and four factors for the external items. The five factors for internal aspects of CSR included Climate for Self-Actualization (CSA), Equal Employment Opportunity (EEO), Job Freedom (JF), Employee Safety and Awareness (ESA), and Recreation and Education (RE). Summary information for these five factors, including definition, example items, number of items, and estimates of internal consistency, are shown in Table 2. Of the 18 items assigned to the internal CSR concerns, 16 were retained for scale development with internal consistency estimates (coefficient alpha) ranging from .38 to .79.

Insert Table 2 about here

Similarly, four factors were found for the items assigned to CSR issues external to the organization. The factors were labeled Energy and Ecology (EE), Social Awareness and Concern (SAC), Vendor Selection (VS), and Consumerism (C). Summary information for these factors are shown in Table 3. Sixteen of the original 18 items were retained for scale development with coefficient alphas ranging from .66 to .80.

Insert Table 3 about here

Analyses

The dependent variables of this study were scores derived for participants on each of the CSR factors using the complete estimation method (Nie, et. al, 1975). At this step, study participants were dropped if they had more than 10% missing data on which to compute factor scores. The CSR factors were analyzed individually in Industry (I) by Function (F) analysis of variance designs. Since questionnaire responses produced factorial designs with unequal cell frequencies, the Case III option of the Statistical Analysis Services was used (Barr, Goodnight, and Sall, 1979). In addition, correlations between respondent characteristics and CSR factors were computed. Finally, mean differences between perceptions of current and ideal organizational policies were examined.

Results

Internal Scales

The effects of Industry and Function on the five internal CSR factors were evaluated in two-way analysis of variance designs using a regression approach which tested effects by adjusting for all other effects. As shown in Table 4, main effects due to Industry were found for the ESA factor ($F = 4.90, p < .01$), where the Furniture industry scored higher than both the Insurance and Banking industries, and the Chemical industry higher than the Banking industry. A significant effect due to boundary spanning Function was also found for the EEO factor ($F = 3.31, p < .01$), where individuals in Personnel scored higher than those in Public Relations or Purchasing. Finally, a significant Industry by Function interaction was found for the RE factor ($F = 1.91, p < .05$). This interaction resulted from significantly lower ($p < .05$) perceptions of RE for the Finance function in the Furniture industry than for the other industries and significantly lower ($p < .05$) perceptions for the Chemical than for the Insurance industry. Significant differences were also found between industries for the Public Relations function where Furniture was less ($p < .05$) than Banking. Finally, the Banking industry was significantly less than both the Furniture and Insurance industries for the Purchasing function.

Insert Table 4 about here

External Scales

An identical analysis was made on the external CSR factors. For this analysis, a significant main effect for Industry was found for the C factor ($F = 6.60, p < .001$), where the Banking industry scored higher than both the Furniture and Chemical industries. The analyses for the external factor are shown in Table 5.

Insert Table 5 about here

Relationship of CSR Factors to Respondent Characteristics

Internal and External CSR factors were correlated with respondent characteristics as shown in Table 6. Significant negative correlations were found between education and the Consumerism factor ($r = -.346, p < .01$). Education was also related negatively to the Recreation and Education factor ($r = -.160, p < .05$). Tenure was found to be related positively to the Social Awareness and Concern factor ($r = .185, p < .05$); all other correlations were not significant.

Insert Table 6 about here

Differences Between Current and Ideal Organizational Practices

An examination of overall mean differences between perceptions of current and ideal organizational policies shows that respondents consistently rated current policies below what they should be. Six items had differences exceeding one point on the five-point rating scales. These items all reflected

aspects of CSR internal to an organization, e.g., advancement opportunities for minorities, job satisfaction and self-esteem, retraining, and altering working hours for energy conservation. Two items showed only minor differences (less than .20) between current and ideal perceptions, e.g., utilizing resources to maximize profits and being consistent with the consumer movement.

Discussion

There is a growing dialogue concerning CSR and its influence on the role of business. In examining one aspect of this role, we have endeavored to learn more about how key individuals, i.e., boundary spanners, from different industries perceive social responsibility in their organizations. In general, our findings support the Buehler and Shetty (1976) conclusion that one cannot generalize about business' responses to social issues. That is, the perception of an organization's response to social issues differed by industry, function, and characteristics of the respondent. Furthermore, the reader should be cautious in generalizing these results to other organizations, and other functions within organizations. The value of the findings are primarily heuristic due to small sample size and bias due to inequality among respondent functions. Nonetheless, several patterns of perceptions were suggested by the results.

Specifically, differences in the perception of CSR factors were found according to whether the industry was manufacturing or service oriented. Service industries were more concerned with community and social issues while manufacturing industries scored highest on energy and environmental issues. However, the motives underlying these differences are not clear. The results

may reflect a genuine sense of social responsibility, a response to social pressures, a means of avoiding government action, a method of maximizing long-term profits, or some combination of motives.

Perceptions of CSR factors according to function appeared to be associated with an internal or external orientation of the function. Boundary spanners in the public relations function (external orientation) scored significantly higher on energy and environmental issues while personnel managers (internal orientation) scored higher on issues concerning employee needs. This suggests that while a company within an industry may score high on a particular social issue, boundary spanners within that company may score high on different issues.

Regarding individual characteristics, boundary spanners with greater tenure, and presumably more vested interest in the company, were less concerned about equal treatment of employees than typically younger employees with less tenure. Gavin and Maynard (1975) have demonstrated that younger employees are more active politically, better educated, and more concerned about employee rights. This study found essentially the same relationships for managers despite the fact that the sample was more homogeneous with respect to level than the previous study.

This study also supports the Gavin and Maynard (1975) finding that organizations had failed to meet employees' expectations concerning their social responsibilities. Perceptions of current social actions were consistently less than managers' perceptions of what actions should be. However, in considering this finding it should be noted, that, with all respondents combined, 80% of the items exceeded the midpoint on the five-point rating scale.

An analysis of the items having mean values below the midpoint indicates that funding for scholarships and societal problems, leisure activities, and flexible benefits were least likely to be considered by these organizations. Items which obtained mean values exceeding four on the five-point scale were related to safety, upgrading job skills, and equal employment.

It was not our intent in this paper to either advocate or oppose the concept of CSR. The literature abounds with arguments both pro and con (for example see National Forum, Summer, 1978). Detractors state that business is responsible only to the stockholders, and organizational resources should be directed toward maximizing profits. Respondents to this survey uniformly agreed with this position. Those advocating social responsibility view business as having broader concerns; organizations are thought to have an obligation to evaluate decisions with respect to such clientele groups as employees, community, customers, and general public. Respondents also indicated that more should be done in this area. Therein lies the conflict.

Perhaps both goals can be met. Dawson's (1970) findings suggest that job performance can be adversely affected by an employee's negative view of business' ethical norms. If this were likewise true of management, and we might reasonably speculate this to be the case, it could adversely affect an organization's ability to survive. Thus two apparent applications of CSR behavior are related to organizational image and employee morale. The public image of the organization may positively affect recruiting and job choice by applicants. Likewise, CSR actions may positively affect job satisfaction, self-esteem, job performance, and turnover within the organization. Future research might reasonably address these speculations.

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Table 1
Distribution of Respondents by Industry and Function

Function	Industry				Row Total
	Furniture	Banking	Chemical	Insurance	
Personnel	17	36	22	28	103
Finance	4	7	4	4	19
Public Relations	6	8	2	3	19
Purchasing	5	10	4	5	24
Sales/Marketing	2	5	4	3	14
Column Total	34	66	36	43	179

Table 2

Factors of Internal Corporate Social Responsibility

Factor Label	Definition	Example Item	No. of Items	Internal Consistency
Climate for Self-Actualization (CSA)	Concern for fulfilling the goals and with meeting the needs of employees.	"Employees are helped to develop a sense of their self-worth and self-confidence."	4	.79
Equal Employment Opportunity (EEO)	Equitable personnel practices.	"From what I have seen advancement is never limited because of a person's race, sex, religion, or ethnic origin."	2	.77
Job Freedom (JF)	Choices employees are allowed within the company.	"Hourly employees have some choice in the composition of their fringe benefits package."	3	.46

Table 2 (cont'd)

Factor Label	Definition	Example Item	No. of Items	Internal Consistency
Employee Safety and Awareness (ESA)	Awareness of social issues and of the need to provide a safe working environment.	"A safe and healthy environment is provided for employees."	4	.56
Recreation and Education (RE)	Efforts by the company to provide recreational and educational experiences.	"Recreational facilities and activities are provided for employees and their families (e.g., bowling, softball, etc.)"	3	.38

Table 3

Factors of External Corporate Social Responsibility

Factor Label	Definition	Example Item	No. of Items	Internal Consistency
Energy and Ecology (EE)	Concern with energy conservation and environmental protection.	"The major areas of energy consumption in my company are being reviewed."	6	.80
Social Awareness and Concern (SAC)	Willingness to become involved in solving society's problems.	"Management encourages employees to participate in civic programs aimed at the solution of our pressing social problems."	5	.70
Vendor Selection (VS)	Consideration of social involvement and product reputation when choosing vendors.	"In selecting vendors, our company considers their social involvements (e.g., concern for ecology, donations to charities, etc.)."	2	.69

Table 3 (cont'd)

Factor Label	Definition	Example Item	No. of Items	Internal Consistency
Consumerism (C)	Concern for consumer protection.	"Products are advertised in such a way as to provide truthful and factual information to the consumer."	3	.66

Table 4
ANOVA of Corporate Social Responsibility
Internal Factor Scores

Source	df	CSA	EEC	JF	ESA	RE
Industry (I)	3	0.66	0.65	1.77	4.90**	0.59
Function (F)	4	0.86	3.31**	0.14	0.41	0.58
I X F	12	0.57	1.46	1.06	0.46	1.91*
Error	131					
Total	150					

Note. CSA = Climate for Self-Actualization, EEO = Equal Employment Opportunity,
JF = Job Freedom, ESA = Employee Safety and Awareness, RE = Recreation and Education.

* $p < .05$.

** $p < .01$.

Table 5
ANOVA of Corporate Social Responsibility
External Factor Scores

Source	df	EE	SAC	VS	C
Industry (I)	3	1.07	1.70	0.74	6.60*
Function (F)	4	1.41	1.23	0.57	0.69
K X F	12	0.68	1.36	0.68	1.79
Error	94				
Total	113				

Note. EE = Energy and Ecology, SAC = Social Awareness and Concern, VS = Vendor Selection, C = Consumerism.

* $p < .001$.

Table 6

Correlations Between Corporate Social Responsibility Factors
and Respondent Characteristics

Respondent Characteristics	External Factors				Internal Factors				
	EE	SAC	VS	C	CSA	EEO	JF	ESA	RE
Sex	-.020	-.070	-.025	.035	-.040	-.145	-.018	-.075	-.053
Age	.117	.064	-.116	.039	.064	-.044	.112	-.101	.025
Education	.039	-.026	.070	-.346**	.051	.101	.049	.086	-.160*
Tenure	.010	.185*	-.002	.084	.115	.038	.118	-.061	.124
Salary	.094	-.066	-.078	-.066	.019	-.055	.049	-.008	-.144

Note. EE = Energy and Ecology, SAC = Social Awareness and Concern, VS = Vendor Selection, C = Consumerism, CSA = Climate for Self-Actualization, EEO = Equal Employment Opportunity, JF = Job Freedom, ESA = Employee Safety and Awareness, RE = Recreation and Education.

Correlations for Internal Factors based on N = 147.

Correlations for External Factors based on N = 115.

* $p < .05$

** $p < .01$

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